



To: Indiana Housing Finance Authority Board of Directors  
 From: Sheryl Sharpe, Wendy Landes, Erika Scott, Jacob Sipe  
 Date: March 22, 2001  
 Re: Indiana Low Income Housing Trust Fund Loans

In February, IHFA received three applications for \$945,000 in Trust Fund loans. The following two loans are respectfully recommended for Trust Fund financing totaling \$500,000 and impacting 24 units.

<b>Opportunity Housing, Inc. of Putnam County</b>	<b>TF-01-01</b>
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**Trust Fund Amount Requested:** \$500,000.00

**Trust Fund Amount Recommended:** \$337,500.00

**Total Project Costs:** \$337,500.00

**Primary Project County:** Putnam  
**Project Name:** Rental Preservation  
**Housing Activity:** Rental Rehabilitation  
 Short-Term Permanent Financing

**Anticipated # of Assisted Units:** 12  
**Income Range:** 25% (3 units) at or below 60% AMI  
 50% (6 units) at or below 50% AMI  
 25% (3 units) at or below 40% AMI

<b>Loan Terms</b>	<b>Requested</b>	<b>Recommended</b>
<b>Loan Amount</b>	\$500,000.00	\$337,500.00
<b>Rate</b>	1%	2%
<b>Term</b>	7 years	7 years
<b>Amortization</b>	14 years	15 years
<b>Security</b>	1 <sup>st</sup> mortgage	1 <sup>st</sup> mortgage
<b>Repayment Schedule</b>	Monthly principal and interest payments with a balloon payment at the end of the term.	Monthly principal and interest payments with a balloon payment at the end of the term.

Opportunity Housing, Inc. of Putnam County will use a Trust Fund loan for Rental Rehabilitation. The organization anticipates assisting 12 scattered-site units in the City of Greencastle and the Town of Fillmore. Two additional units will be designated as non-assisted, HOME match-eligible affordable rental housing. Priority will be given to single-parent households.

**Trust Fund Amount Requested:** \$325,000.00

**Trust Fund Amount Recommended:** \$162,500.00

**Total Project Costs:** \$685,000.00

**Primary Project County:** Elkhart

**Project Name:** n/a

**Housing Activity:** Homebuyer - New Construction  
Construction Financing

**Anticipated # of Assisted Units:** 12

**Income Range:** 100% (12 units) at or below 80% AMI

<b>Loan Terms</b>	<b>Requested</b>	<b>Recommended</b>
<b>Loan Amount</b>	\$325,000.00	\$162,500.00
<b>Rate</b>	4%	4%
<b>Term</b>	2 years	2 years
<b>Amortization</b>	n/a	n/a
<b>Security</b>	1 <sup>st</sup> mortgage	1 <sup>st</sup> mortgage
<b>Repayment Schedule</b>	Quarterly interest-only payments with proportional lump sum principal payments as the 8 <sup>th</sup> -12 <sup>th</sup> houses are sold.	Quarterly interest-only payments with principal paid (1) proportionally as the 8 <sup>th</sup> -12 <sup>th</sup> houses are sold; or (2) as a balloon payment at the end of the term, whichever comes first.

LaCasa of Goshen, Inc. will use a Trust Fund loan for Homebuyer - New Construction. The organization anticipates assisting 12 units in the City of Goshen. LaCasa will construct two to three units at a time, and the loan will revolve locally throughout the two-year construction period.

## ***Loan Modification Request***

<b>Eastside Equity Fund – 1991 – VI</b>	<b>TF-94-01</b>
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<b>Loan Amount</b>	\$300,000.00
<b>Outstanding Principal</b>	\$239,423.45
<b>Rate</b>	3%
<b>Term</b>	18 years
<b>Amortization</b>	18 years
<b>Loan Execution</b>	July 11, 1994
<b>Maturity Date</b>	July 10, 2012
<b>Security</b>	2nd mortgage
<b>Repayment Schedule</b>	Monthly principal and interest payments

Staff has received a request from Eastside Equity Fund – 1991 – VI (Equity VI) to modify the original terms of their Trust Fund loan. Equity VI represents a partnership between Eastside Community Investments, Inc. (ECI), Westside Community Development Corp., Southeast Neighborhood Development Corp., and United Northwest Area Development Corp.

The loan was used for permanent financing of 74 scattered-site rental units in Indianapolis. This development also received an allocation of Rental Housing Tax Credits (RHTCs).

This loan has been in default since March 1, 1998. As of April 1, 2001, there will be 26 installment payments overdue. The borrower made timely monthly payments on this loan from September 1994 through February 1998. Payments resumed in January 1999 through December 1999. Then, we did not receive any payments during 2000.

The Equity VI partnership has been working for over a year to restructure the financing of these units along with other struggling RHTC units in the City of Indianapolis. IHFA staff has participated in some of the discussions regarding potential refinancing options. Recently, we have been informed that Equity VI is seeking to replace the Trust Fund loan with other financing.

Equity VI has requested that IHFA:

1. Accept a repayment of the outstanding principal balance of \$239,423.45 as payment in full of the Trust Fund loan.
2. Forgive all penalty interest.
3. Forgive all regular interest.

Staff respectfully recommends accepting a lump sum payment of the loan balance and waiving penalty interest totaling \$80,306.47 (calculated as of April 1, 2001). We do not, however, recommend that the \$14,567.23 in interest on past due payments be waived. This recommendation is made contingent upon Equity VI repaying the full loan balance (principal and overdue interest) of \$253,990.68 on or before Monday, March 26, 2001.